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E.O. 12958: DECL: 05/04/2016
TAGS: [PREL](#) [EMIN](#) [PGOV](#) [ECON](#) [GB](#) [CH](#)
SUBJECT: FRENCH CONCERNED ABOUT CHINESE MINING PROJECT IN
GABON

REF: A. LIBREVILLE 20

[1](#)B. LIBREVILLE 148

Classified By: POLITICAL OFFICER GLENN FEDZER FOR REASON 1.4 (B)

[1](#)1. (C) French commercial attache Dimitri Verdet is concerned that the Gabonese government may support a Chinese bid to exploit substantial iron deposits near Belinga, in a remote part of north east Gabon. China's competition for the project is the Brazilian bid company CVRD. Verdet believes selection of CVRD would serve Gabon's interests, since the Brazilians would employ local labor (CRVD estimated 7,000 direct and 15,000 indirect jobs for the mining alone) and sub-contract services locally (including to French companies). The Brazilian bid, he thinks, has the backing of Mining Minister Richard-Auguste Onouvié and Finance Minister Paul Toungui. The Chinese bidder, a construction firm with little experience in mining, would likely import Chinese labor and subcontractors. Despite the downside, the Chinese effort has the backing of Foreign Minister Jean Ping, among others, according to Verdet.

[1](#)2. (C) Verdet believes that Chinese projects in Gabon often come with hidden costs. He cited a rumor concerning terms of soft loans for construction of the Gabonese Senate and National Assembly buildings by the Chinese. Verdet had heard, but could not confirm, that Gabonese government-owned shares in oil fields run by Shell Gabon had been transferred to the Chinese state oil company in the last three months to repay the loans. Similarly, Verdet felt accepting the Chinese bid would guarantee the depletion of the resource, without any compensating gain for Gabon.

[1](#)3. (C) Verdet believes that President Bongo is still undecided. Bongo initially crafted a compromise that allocated construction of transportation and other infrastructure for Belinga to the Chinese, and the mine itself to the Brazilians. The arrangement unraveled, reportedly because the Chinese are demanding the whole project. The final decision is pending the return later in May of President Bongo, currently on a trip through Asia.

[1](#)4. (C) Comment: French companies have dominated the Gabonese private sector since independence, and China is a significant threat to France's economic interests in Gabon. In this case, however, Post shares France's concern about the

consequences if the GoG awards the Belinga project to the Chinese bidder. China's record of environmental stewardship is less than stellar.

DHANANI